THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI SUMITRA MAHAJAN): (a) to (c) Yes, Sir.

(d) The matter is sub-judice.

Policy for hardware sector

2352. SHRI C.P. THIRUNAVUKKARASU: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government propose to bring a comprehensive policy for hardware sector;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the measures proposed to flourish the hardware sector?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SU. THIRUNAVUKKARASAR): (a) to (c) An approach paper for a comprehensive IT Hardware Policy is under formulation in the Department of Information Technology, Ministry of Communications and Information Technology.

(d) Measures already taken by the Government for the hardware sector to flourish are enclosed as Statement.

Statement

Steps taken by the Government to promote the Harware sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.

2. Approvals for all foreign direct investment proposals relating to the information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

3. Electronics Hardware Technology Part (EHTP) is implemented under the aegis of the Department of Information Technology, Ministry of Communications and Information Technology, through a single window mechanism of the inter-Ministerial Standing committee (IMSC).

4. Supplies of Information Technology Agreement (ITA-1) items in the Domestic Tariff ares (DTA) by EHTP/EOU/EPZ units shall be counted towards fulfillment of minimum Net Foreign Exchange earning as a Percentage of exports (NFEP) and the minimum Export Performance (EP), provided that the items are manufactured in the unit and attact zero rate of basic customs duty. Positive NFEP is required to be achieved in 5 years instead of every year.

5. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP schemes.

6. Accelerated depreciation norms extended to computers and computer peripherals to all units and capital goods of IT hardware units under Export Oriented schemes (EOU/EPZ/ STP/EHTP). These shall stand depreciated to overall limit of 90% over a period of 3 years.

7. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

8. The Depreciation on Computers is allowed @60%.

9. In the Budget 2002-03, the peak rate of customs duty has been reduced from 35% to 30%. Customs duty has been reduced on stepper motors for computers/printers from 5% to 0%, floppy diskette and unrecorded magnetic tape from 15% to 10%, ink cartridges/ribbon assembly/ribbon gear assembly/ ribbon gear carriage for use in printers for computers from 25% to 5%, 56 items of capital goods for manufacture of semiconductors from 5% to 0%, 24 items of capital goods (around 200 sub-items) for manufacture of electronic components from 25-35% to 15%, tools/moulds/dies for electronics industry from 25% to 15% and on 46 items of raw

materials for manufacture of electronic components from 25-35% to 5%.

* Customs duty on Computers and Peripherals continues to be @ 15% and all storage devices, integrated circuits, microprocessor, data display tubes and deflection components of colour monitors continue at 0%. The concessional rate of customs duty @5% for specified raw materials for the electronics industry (121 items) continues. Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) continues @5%, parts of Telecom continue @5%, parts, components and accessories of mobile handsets including cellular telephones continue at 0%.

10. The Central Excise duty structure was rationalised from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @16%, in the Budget 2001-02, and continues.

11. Second hand capital goods upto 10 years are freely importable.

12. EOU/EPZ/EHTP units are eligible for Income Tax benefit on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act.

13. Exemption of withholding tax on interest on External Commercial Borrowing (ECBs) is available to the IT sector.

14. DEPB rate will be same for a product whether exported as CBU or in CKD/SKD condition.

15. Threshold limit for obtaining "Export House" status reduced to Rs. 5 crores from Rs. 15 crores for Small Scale Industry, tiny sector, cottage sector, units located in North East States/ Sikkim/J&K; exporters exporting to countries in Latin America/ CIS/Sub Sahara Africa and units having ISO 9000 (Series) status. The status holders are eligible for the following new/ special facilities:

    * 100% retention of foreign exchange in Exchange Earners' Foreign Currency (EEFC) account;

    * Enhancement in normal repatriation period from 180 days to 360 days.

16. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network providers.

17. With a view to given a boost to be manufacturing sector, it is proposed in the Budget announcements 2002-03, to allow a deduction of a further sum of 15% of the actual cost of such machinery or plant acquired and installed after 31.3.2002 in case of new industrial undertaking or substantial expansion by an existing Industrial undertaking. The proposed amendment will take effect from 1.4.2003 and will accordingly apply in relation to the assessment year 2003-04 and subsequent years.

18. To encourage re-location of industries to India, plant and machineries would be permitted to be imported without a licence, where the depreciated value of such relocating plants exceeds Rs. 50 crores.

19. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research is available.

20. For reduction of transaction time for export/import clearances, Ministry of Civil Aviation has finalised the scheme of 'Known-Shippers' for doing away with the 24 hours cooling off period.

21. Two shifts have been introduced on week days and single shift on holidays at the Air Cargo Complexes at Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Delhi and Goa.

22. Information Technology Act, 2000 dealing with Cyber Security, Cyber Crime and other information security related legal aspects is in place to encourage expansion of e-commerce throgh internet.

Surrender of phone due to rental hike

2353. SHRI C.P. THIRUNAVUKKARASU: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state: